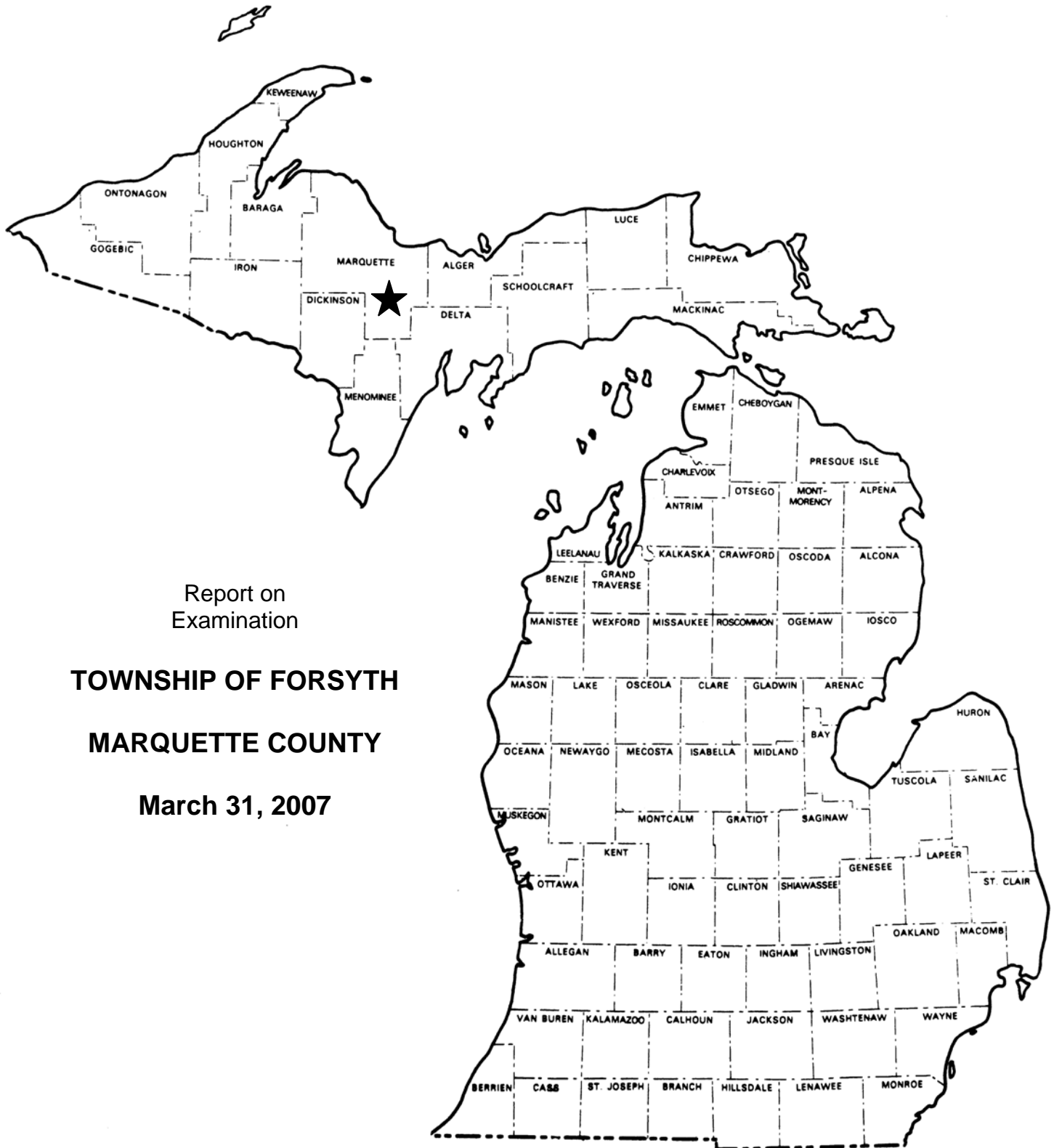


STATE OF MICHIGAN
JENNIFER M. GRANHOLM, Governor
DEPARTMENT OF TREASURY



Report on
Examination

TOWNSHIP OF FORSYTH

MARQUETTE COUNTY

March 31, 2007

FORSYTH TOWNSHIP--MARQUETTE COUNTY

TOWNSHIP BOARD

Chris Adams
Supervisor

Bonnie Filizeti Hartzell
Clerk

Ronald Lauren
Treasurer

James Dellies
Trustee

Michael Jakubowski
Trustee

TOWNSHIP POPULATION--2005
5,791

TAXABLE VALUATION--2006
\$179,891,750



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

ROBERT J. KLEINE
STATE TREASURER

July 16, 2008

Forsyth Township Board
P.O. Box 1360
186 West Flint Street
Gwinn, Michigan 49841

Independent Auditor's Report

Dear Board Members:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Forsyth Township, Marquette County, Michigan, as of and for the year ended March 31, 2007, which collectively comprise the township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of Forsyth Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Forsyth Township, as of March 31, 2007; and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated July 16, 2008, on our consideration of Forsyth Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing,

and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 1 through 6 and the Budgetary Comparisons for Major Funds, as identified in the Table of Contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries to management regarding the methods of measurements and the presentation of supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Forsyth Township's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements, taken as a whole.



Cary Jay Vaughn, CPA, CGFM
Audit Manager
Local Audit and Finance Division

TOWNSHIP OF FORSYTH--MARQUETTE COUNTY

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FORSYTH TOWNSHIP--MARQUETTE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township, as a whole, and present a longer-term view of their finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's net assets for the governmental funds increased \$461,181 from a year ago due to positive action by the board to cut costs, an increase in charges for services and a large donation for the library. The business-type activities also increased \$164,261, primarily as a result of decreasing expenses and increased sewer and water rates.

In a condensed format, the table below shows a comparison of the net assets as of the current year to the prior year.

	Governmental Activities 2006	Governmental Activities 2007	Difference	Percent
Current and Other Assets	\$ 1,750,169	\$ 2,183,088	\$ 432,919	25%
Capital Assets	2,408,658	2,371,215	(37,443)	-2%
Total Assets	4,158,827	4,554,303	395,476	10%
Current Liabilities	322,822	290,821	(32,001)	-10%
Long-Term Liabilities	433,074	399,370	(33,704)	-8%
Total Liabilities	755,896	690,191	(65,705)	-9%
Net Assets				
Invested in Capital Assets				
Net of Debt	2,063,910	2,124,303	60,393	3%
Restricted	409,998	818,875	408,877	100%
Unrestricted (Deficit)	929,093	920,934	(8,159)	-1%
Total Net Assets	\$ 3,402,931	\$ 3,864,112	\$ 461,181	14%

FORSYTH TOWNSHIP--MARQUETTE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

	Business-Type Activities <u>2006</u>	Business-Type Activities <u>2007</u>	<u>Difference</u>	<u>Percent</u>
Current and Other Assets	\$ 292,001	\$ 284,769	\$ (7,232)	-2%
Capital Assets	<u>1,827,224</u>	<u>1,809,920</u>	<u>(17,304)</u>	<u>-1%</u>
Total Assets	<u>2,119,225</u>	<u>2,094,689</u>	<u>(24,536)</u>	<u>-1%</u>
Current and Other Liabilities	57,464	34,371	(23,093)	-40%
Long-Term Liabilities	<u>195,000</u>	<u>29,296</u>	<u>(165,704)</u>	<u>-85%</u>
Total Liabilities	<u>252,464</u>	<u>63,667</u>	<u>(188,797)</u>	<u>-75%</u>
Net Assets				
Invested in Capital Assets	1,632,224	1,780,624	148,400	9%
Net of Debt			-	
Unrestricted (Deficit)	<u>234,537</u>	<u>250,398</u>	<u>15,861</u>	<u>7%</u>
Total Net Assets	<u><u>\$ 1,866,761</u></u>	<u><u>\$ 2,031,022</u></u>	<u><u>\$ 164,261</u></u>	<u><u>9%</u></u>

The following table shows the changes of the net assets as of the current year to the prior year:

	Governmental Activities <u>2006</u>	Governmental Activities <u>2007</u>	<u>Difference</u>	<u>Percent</u>
Program Revenues				
Charges for Services	\$ 262,974	\$ 358,493	\$ 95,519	36%
Operating Grants and Contributions	108,767	434,059	325,292	299%
Capital Grants and Contributions	10,800	576	(10,224)	100%
General Revenues				
Property Taxes	1,020,461	1,030,682	10,221	1%
State-Shared Revenues	555,667	553,597	(2,070)	0%
Unrestricted Investment Earnings	14,031	42,735	28,704	205%
Other Revenue	<u>32,672</u>	<u>2,117</u>	<u>(30,555)</u>	<u>-94%</u>
Total Revenues	<u>2,005,372</u>	<u>2,422,259</u>	<u>416,887</u>	<u>21%</u>
Program Expenses				
General Government	446,184	460,127	13,943	3%
Public Safety	595,727	658,417	62,690	11%
Public Works	285,051	251,367	(33,684)	-12%
Community and Economic Development	7,174	6,946	(228)	0%
Health and Welfare	212,169	221,986	9,817	5%
Recreation and Culture	268,805	246,303	(22,502)	-8%
Other	106,109	99,483	(6,626)	-6%
Interest on Long-Term Debt	<u>11,146</u>	<u>16,450</u>	<u>5,304</u>	<u>48%</u>
Total Expenses	<u>1,932,365</u>	<u>1,961,079</u>	<u>28,714</u>	<u>1%</u>
Change in Net Assets	<u><u>\$ 73,007</u></u>	<u><u>\$ 461,180</u></u>	<u><u>\$ 388,173</u></u>	<u><u>532%</u></u>
Ending Net Assets	<u><u>\$ 3,402,932</u></u>	<u><u>\$ 3,864,112</u></u>	<u><u>\$ 461,180</u></u>	<u><u>14%</u></u>

FORSYTH TOWNSHIP--MARQUETTE COUNTY**MANAGEMENT'S DISCUSSION AND ANALYSIS**

	<u>Business-Type Activities</u> <u>2006</u>	<u>Business-Type Activities</u> <u>2007</u>	<u>Difference</u>	<u>Percent</u>
Program Revenues				
Charges for Services	\$ 606,388	\$ 620,439	\$ 14,051	2%
General Revenues				
Unrestricted Investment Earnings	<u>6,387</u>	<u>14,544</u>	<u>8,157</u>	128%
Total Revenues	<u>612,775</u>	<u>634,983</u>	<u>22,208</u>	<u>4%</u>
Program Expenses				
Water and Sewer	<u>503,119</u>	<u>470,722</u>	<u>(32,397)</u>	<u>-6%</u>
Total Expenses	<u>503,119</u>	<u>470,722</u>	<u>(32,397)</u>	<u>-6%</u>
Change in Net Assets	<u>\$ 109,656</u>	<u>\$ 164,261</u>	<u>\$ 54,605</u>	<u>50%</u>
Ending Net Assets	<u>\$ 1,866,761</u>	<u>\$ 2,031,022</u>	<u>\$ 164,261</u>	<u>9%</u>

The increase in revenues, as noted above, is due to the increase in sewer and water charges while the decrease in expenses is again due to a reduction in personnel and decreasing maintenance costs.

FORSYTH TOWNSHIP--MARQUETTE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

	Governmental Funds 2006	Governmental Funds 2007	Difference	Percent
Revenues				
Taxes and Penalties	\$ 1,020,461	\$ 1,030,682	\$ 10,221	1%
Licenses and Permits	35,963	36,440	477	1%
Federal Grants	8,750		(8,750)	100%
State Grants	568,074	574,687	6,613	1%
Contributions From Local Units	80,221	125,861	45,640	100%
Charges for Services	203,418	264,400	60,982	30%
Fines and Forfeits	19,236	20,403	1,167	6%
Interest and Rentals	27,967	66,046	38,079	136%
Other Revenue	60,500	320,482	259,982	430%
Total Revenues	2,024,590	2,439,001	414,411	20%
Program Expenses				
General Government	427,769	419,958	(7,811)	-2%
Public Safety	550,582	575,166	24,584	4%
Public Works	246,730	216,993	(29,737)	-12%
Health and Welfare	180,085	202,337	22,252	12%
Community and Economic Development	7,174	6,946	(228)	-3%
Recreation and Culture	230,337	209,061	(21,276)	-9%
Other	106,109	99,483	(6,626)	-6%
Capital Outlay	335,575	131,633	(203,942)	-61%
Debt Service	91,528	76,055	(15,473)	-17%
Total Expenditures	2,175,889	1,937,632	(238,257)	-11%
Excess Expenditures over Revenues	(151,299)	501,369	652,668	-431%
Other Financing Sources (Uses)				
Installment Purchase Agreement Proceeds	300,000		(300,000)	100%
Interfund Transfers In	93,933	155,633	61,700	66%
Interfund Transfers (Out)	(93,933)	(155,633)	(61,700)	66%
Total Other Financing Sources (Uses)	300,000	-	(300,000)	100%
Beginning Fund Balance	1,197,843	1,346,544	148,701	12%
Ending Fund Balance	\$ 1,346,544	\$ 1,847,913	\$ 501,369	37%

With the help of a growing tax base, extra State grants, increases in transfer station fees, other charges for services and a large gift from an estate for the library, the township was able to increase its revenues. The decrease in expenditures is primarily due to reductions in personnel and decreasing maintenance costs. There was also a decrease in capital outlay in 2007 due to the purchase of a fire truck in 2006.

FORSYTH TOWNSHIP--MARQUETTE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-Type Activities

The Township's business-type activities consist of the Sewer and Water Fund. The Township provides sewer and water services to its residents. The charges have been increased to cover losses in the prior year and to prepare for upcoming projects.

The Township's Funds

Our analysis of the Township's major funds is listed in the audit report, following the entity-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2007 include the General Fund, Clubhouse Fund, Library Fund, Sewer Fund and the Water Fund.

The General Fund pays for most of the Township's governmental services. The most significant are for general government and public safety activities, which incurred expenses of approximately \$419,958 and \$575,166, respectively in 2007. These services are supported by the operating millage and State shared revenues. The Clubhouse Fund is for the operations of the clubhouse and recreational properties, which is supported by a special voted millage recorded in its own respective fund. The Library Fund is supported by State grants, fines and forfeitures and donations, as well as an appropriation from the General Fund.

General Fund Budgetary Highlights

The Township Board amended the budget to take into account events occurring during the year, primarily the purchase of office equipment, and repairs and maintenance on township owned vehicles and an appropriation to the township improvement fund for future capital projects.

Capital Asset and Debt Administration

At the end of 2007, the Township had \$4,271,198 invested in a broad range of capital assets, including buildings, fire and police equipment, fire and police vehicles, and the sewer and water system. There was construction in progress for improvements started on the Peter Nordeen Park. To pay for the majority of these capital assets, especially the fire trucks, the Township entered into various debt obligations totaling \$246,913 in the prior year. There was no new debt entered into during 2007. See Note G and H in the notes to the financial statements for more information on the capital assets and long-term debt.

Economic Factors and Next Year's Budgets and Rates

In the upcoming year, the Township is planning on borrowing money from the Michigan DEQ Drinking Water Revolving Fund for the replacement of the main water and sewer lines on Pine Street. The Township will again be closely monitoring its budget as revenues will remain relatively the same as the Township continues to try to cut expenses.

FORSYTH TOWNSHIP--MARQUETTE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Office, P.O. Box 1360, 186 West Flint Street, Gwinn, Michigan 49841, Phone Number (906) 346-9217.

**FORSYTH TOWNSHIP--MARQUETTE COUNTY
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2007**

EXHIBIT A

<u>ASSETS</u>	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash and Cash Equivalents	\$ 1,496,428	\$ 231,507	\$ 1,727,935
Receivables (Net)			
Taxes--Delinquent	145,108		145,108
Special Assessments	44,352	3,528	47,880
Special Assessments--Delinquent	-		-
Accounts (Net)	219,399	63,463	282,862
Interest	829	305	1,134
Internal Balances	14,034	(14,034)	-
Due From State	64,938		64,938
Total Current Assets	1,985,088	284,769	2,269,857
Noncurrent Assets			
Long-Term Receivable	198,000		198,000
Capital Assets--Net of Accumulated Depreciation	2,371,215	1,809,920	4,181,135
Total Assets	4,554,303	2,094,689	6,648,992
<u>LIABILITIES</u>			
Current Liabilities			
Accounts Payable	54,862	16,577	71,439
Accrued Liabilities	19,589	16,594	36,183
Customer Deposit		1,200	1,200
Noncurrent Liabilities			
Deferred Revenue	216,370		216,370
Bonds Payable--Due Within One Year	18,188	7,847	26,035
Bonds Payable--Due in More Than One year	20,043	21,449	41,492
Installment Loan Payable--Due Within One Year	26,474		26,474
Installment Loan Payable--Due in More Than One Year	220,439		220,439
Vested Employee Benefits Payable	114,226		114,226
Total Liabilities	690,191	63,667	753,858
<u>NET ASSETS</u>			
Investment in Capital Assets--Net of Related Debt	2,124,303	1,780,624	3,904,927
Restricted for			
Clubhouse	168,142		168,142
Library	351,186		351,186
Perpetual Care	160,354		160,354
Township Improvement Fund	139,193		139,193
Unrestricted	920,934	250,398	1,171,332
Total Net Assets	\$ 3,864,112	\$ 2,031,022	\$ 5,895,134

The Notes to Financial Statements are an integral part of this statement.

FORSYTH TOWNSHIP--MARQUETTE COUNTY
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended March 31, 2007

EXHIBIT B

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General Government	\$ 460,127	\$ 91,318	\$ 47,576		\$ (321,233)		\$ (321,233)
Public Safety	658,417	41,411	20,679	\$ 576	(595,751)		(595,751)
Public Works	251,367	40,588	10,438		(200,341)		(200,341)
Health and Welfare	221,986	147,708	77,861		3,583		3,583
Community and Economic Development	6,946	10,651			3,705		3,705
Recreation and Culture	246,303	26,817	277,505		58,019		58,019
Other	99,483				(99,483)		(99,483)
Interest on Long-Term Debt	16,450				(16,450)		(16,450)
Total Governmental Activities	1,961,079	358,493	434,059	576	(1,167,951)	\$ -	(1,167,951)
Business-Type Activities							
Sewer	193,107	225,259				32,152	32,152
Water	277,615	395,180		-		117,565	117,565
Total Business-Type Activities	470,722	620,439	-	-	-	149,717	149,717
Total Primary Government	\$ 2,431,801	\$ 978,932	\$ 434,059	\$ 576	\$ (1,167,951)	\$ 149,717	\$ (1,018,234)
General Revenues							
Property Taxes					\$ 1,030,682		\$ 1,030,682
State-Shared Revenues					553,597		553,597
Unrestricted Investment Earnings					42,735	\$ 14,544	57,279
Special Item--Gain on Sale of Capital Assets					2,117		2,117
Total General Revenues--Special Items and Transfers					1,629,131	14,544	1,643,675
Change in Net Assets					461,180	164,261	
Net Assets--Beginning					3,402,932	1,866,761	5,269,693
Net Assets--Ending					\$ 3,864,112	\$ 2,031,022	\$ 5,895,134

The Notes to Financial Statements are an integral part of this statement.

FORSYTH TOWNSHIP--MARQUETTE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2007

EXHIBIT C

	SPECIAL REVENUE FUNDS				Total Governmental Funds
	General	Clubhouse	Library	Nonmajor Governmental	
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 689,252	\$ 154,528	\$ 344,229	\$ 299,348	\$ 1,487,357
Receivables					
Taxes--Delinquent	112,473	32,635			145,108
Special Assessments				44,352	44,352
Accounts (Net)	218,634		765		219,399
Interest	630		-	199	829
Due From State	64,938				64,938
Due From Other Funds	67,071		8,450	-	75,521
Long-Term Receivable	198,000				198,000
Total Assets	<u>\$ 1,350,998</u>	<u>\$ 187,163</u>	<u>\$ 353,444</u>	<u>\$ 343,899</u>	<u>\$ 2,235,504</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities					
Accounts Payable	\$ 36,207	\$ 17,326	\$ 1,329	-	\$ 54,862
Due to Other Funds	8,450			\$ 43,966	52,416
Accrued Liabilities	16,965	1,695	929	-	19,589
Deferred Revenue	216,371			44,352	260,723
Total Liabilities	<u>277,993</u>	<u>19,021</u>	<u>2,258</u>	<u>88,318</u>	<u>387,590</u>
Fund Equity					
Fund Balances					
Reserved for					
Clubhouse		168,142			168,142
Horseshoe Lake Assessor Plat				(19,701)	(19,701)
Little Shag Lake Assessor Plat				(35,302)	(35,302)
Perpetual Care				160,354	160,354
Unreserved--Undesignated	1,073,005		351,186	150,230	1,574,421
Total Fund Equity	<u>1,073,005</u>	<u>168,142</u>	<u>351,186</u>	<u>255,581</u>	<u>1,847,914</u>
Total Liabilities and Fund Equity	<u>\$ 1,350,998</u>	<u>\$ 187,163</u>	<u>\$ 353,444</u>	<u>\$ 343,899</u>	<u>\$ 2,235,504</u>
Fund Balances--Total Governmental Funds					\$ 1,847,914
Amounts reported for governmental activities in the Statement of Net Assets are different because:					
Capital assets used in governmental activities are not financial resources and are not reported in the funds.					2,371,215
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures.					44,352
Long-term liabilities are not due and payable in the current period and are not reported in the funds.					<u>(399,369)</u>
Net Assets of Governmental Activities					\$ 3,864,112

The Notes to Financial Statements are an integral part of this statement.

FORSYTH TOWNSHIP--MARQUETTE COUNTY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended March 31, 2007

EXHIBIT D

	General	Clubhouse	Library	Nonmajor Governmental	Total Governmental Funds
Revenues					
Taxes	\$ 808,899	\$221,783			\$ 1,030,682
Licenses and Permits	36,440				36,440
State Grants	570,290		\$ 4,397		574,687
Contributions From Local Units	125,861				125,861
Charges for Services	256,336	6,364	50	\$ 1,650	264,400
Fines and Forfeits	-		20,403	-	20,403
Interest and Rentals	48,779	4,231	3,618	9,418	66,046
Other Revenue	38,481	4,651	260,608	16,742	320,482
Total Revenues	1,885,086	237,029	289,076	27,810	2,439,001
Expenditures					
Current					
General Government	419,958			-	419,958
Public Safety	575,166				575,166
Public Works	216,993				216,993
Health and Welfare	202,337				202,337
Community and Economic Development	6,946				6,946
Recreation and Cultural		144,521	64,540	-	209,061
Other	99,483				99,483
Capital Outlay	8,857	117,689	5,087	-	131,633
Debt Service					
Principal	59,605				59,605
Interest and Fiscal Fees	16,450				16,450
Total Expenditures	1,605,795	262,210	69,627	-	1,937,632
Excess of Revenues Over (Under) Expenditures	279,291	(25,181)	219,449	27,810	501,369
Other Financing Sources (Uses)					
Interfund Transfers In	6,400		54,770	94,463	155,633
Interfund Transfers (Out)	(149,233)		-	(6,400)	(155,633)
Total Other Financing Sources (Uses)	(142,833)	-	54,770	88,063	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	136,458	(25,181)	274,219	115,873	501,369
Fund Balance--April 1, 2006	936,546	193,323	76,967	139,708	1,346,544
Fund Balance (Deficit)--March 31, 2007	\$ 1,073,004	\$168,142	\$ 351,186	\$ 255,581	\$ 1,847,913
Excess of Revenue Over Other Sources Over (Under) Expenditures and Other Uses					\$ 501,369
Amounts reported for governmental activities in the Statement of Activities are different because:					
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation.					(37,443)
Long-term revenues are recorded in the Statement of Activities when the revenue is earned; they are not reported in the funds if collected after 60 days of year end.					(16,742)
Some expenses reported in the Statement of Activities do not require the use of current financial resources. Therefore, they are not reported as expenditures in the funds.					(45,609)
Repayments of installment purchase agreements is an expenditure in the governmental funds, but not in the Statement of Activities (where it reduces the long-term debt).					59,605
Change in Net Assets of Governmental Activities					\$ 461,180

The Notes to Financial Statements are an integral part of this statement.

FORSYTH TOWNSHIP--MARQUETTE COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
March 31, 2007

EXHIBIT E

	Sewer	Water	Total Enterprise Funds
<u>ASSETS</u>			
Current Assets			
Cash and Cash Equivalents	\$ 70,624	\$ 160,883	\$ 231,507
Accounts Receivable	27,511	35,952	63,463
Special Assessments Receivable	1,605	1,923	3,528
Interest Receivable	107	198	305
Total Current Assets	99,847	198,956	298,803
Noncurrent Assets			
Capital Assets--Net of Accumulated Depreciation	797,126	1,012,794	1,809,920
Total Noncurrent Assets	797,126	1,012,794	1,809,920
Total Assets	896,973	1,211,750	2,108,723
<u>LIABILITIES</u>			
Current Liabilities			
Accounts Payable	5,400	11,177	16,577
Accrued Wages	1,904	2,414	4,318
Customer Deposit	700	500	1,200
Accrued Vacation and Sick Time	6,138	6,138	12,276
Due to Other Funds		14,034	14,034
Total Current Liabilities	14,142	34,263	48,405
Noncurrent Liabilities			
Installment Purchase Payable--Due Within One Year	7,847	-	7,847
Installment Purchased Payable--Due in More Than One Year	21,449		21,449
Total Noncurrent Liabilities	29,296	-	29,296
Total Liabilities	43,438	34,263	77,701
<u>NET ASSETS</u>			
Invested in Capital Assets--Net of Related Debt	767,830	1,012,794	1,780,624
Unrestricted	85,705	164,693	250,398
Total Net Assets	\$ 853,535	\$ 1,177,487	\$ 2,031,022

The Notes to Financial Statements are an integral part of this statement.

FORSYTH TOWNSHIP--MARQUETTE COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS--PROPRIETARY FUNDS
For the Year Ended March 31, 2007

EXHIBIT F

	Sewer	Water	Total Enterprise Funds
Operating Revenues			
Charges for Services	\$ 225,259	\$ 395,180	\$ 620,439
Total Operating Revenues	225,259	395,180	620,439
Operating Expenses			
Salaries and Fringes	102,266	117,249	219,515
Operating Expenses	2,848	11,593	14,441
Repairs and Maintenance	4,215	7,036	11,251
Professional Fees	7,290	14,103	21,393
General Insurance	9,347	13,682	23,029
Utilities	9,317	52,688	62,005
Truck and Equipment Expense	174	1,447	1,621
Rent Expense	750		750
Other	9,211	10,734	19,945
Depreciation	40,082	44,316	84,398
Total Operating Expenses	185,500	272,848	458,348
Operating Income (Loss)	39,759	122,332	162,091
Nonoperating Revenues (Expenses)			
Interest Earned on Investments	7,412	7,132	14,544
Interest Expense	(7,607)	(4,767)	(12,374)
Total Nonoperating Revenues (Expenses)	(195)	2,365	2,170
Change in Net Assets	39,564	124,697	164,261
Total Net Assets--April 1, 2006	813,971	1,052,790	1,866,761
Total Net Assets--March 31, 2007	\$ 853,535	\$ 1,177,487	\$ 2,031,022

The Notes to Financial Statements are an integral part of this statement.

FORSYTH TOWNSHIP--MARQUETTE COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended March 31, 2007

EXHIBIT G

	Sewer	Water	Total Enterprise Funds
Cash Flows From Operating Activities			
Cash Received From Customers	\$ 223,456	\$ 400,608	\$ 624,064
Cash Payments to Employees for Services and Benefits	(107,723)	(140,009)	(247,732)
Cash Payments to Suppliers for Goods and Services	(44,700)	(105,812)	(150,512)
Net Cash Provided by Operating Activities	71,033	154,787	225,820
Cash Flows From Noncapital Financing Activities			
Special Assessments	-	1,315	1,315
Due to Other Funds	-	(13,223)	(13,223)
Net Cash Provided by Noncapital Financing Activities	-	(11,908)	(11,908)
Cash Flows From Capital and Related Financing Activities			
Acquisition of Capital Assets	(49,112)	(17,980)	(67,092)
Proceeds From Installment Purchase Agreement	33,495		33,495
Reduction of Debt	(129,199)	(70,000)	(199,199)
Interest Paid on Bonds	(7,607)	(4,767)	(12,374)
Net Cash Provided by Capital and Related Financing Activities	(152,423)	(92,747)	(245,170)
Cash Flows From Investing Activities			
Interest on Cash Equivalents	7,701	7,352	15,053
Net Cash Provided by Investing Activities	7,701	7,352	15,053
Net Increase (Decrease) in Cash and Cash Equivalents	(73,689)	57,484	(16,205)
Cash and Cash Equivalents at Beginning of Year	144,313	103,399	247,712
Cash and Cash Equivalents at End of Year	\$ 70,624	\$ 160,883	\$ 231,507
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 39,759	\$ 122,332	\$ 162,091
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation Expense	40,082	44,316	84,398
(Increase) Decrease in Accounts Receivable	(1,803)	5,428	3,625
Increase (Decrease) in Accrued Wage Liabilities	(5,457)	(22,760)	(28,217)
Increase (Decrease) in Accounts Payable	(1,548)	5,471	3,923
Net Cash Provided by Operating Activities	\$ 71,033	\$ 154,787	\$ 225,820

The Notes to Financial Statements are an integral part of this statement.

FORSYTH TOWNSHIP--MARQUETTE COUNTY
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
March 31, 2007

EXHIBIT H

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	<u>\$ 27,074</u>
Total Assets	<u><u>\$ 27,074</u></u>
 <u>LIABILITIES</u>	
Liabilities	
Due to Other Funds	\$ 9,071
Due to Other Governmental Units	1,334
Due to Others	12,114
Undistributed Receipts	<u>4,555</u>
Total Liabilities	<u><u>\$ 27,074</u></u>

The Notes to the Financial Statements are an integral part of this statement.

FORSYTH TOWNSHIP--MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Forsyth Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Forsyth Township:

Reporting Entity

Forsyth Township is located in Marquette County and provides services to approximately 5,791 residents (mid-decade census) in many areas including public safety, public works, health and welfare, public water, and sewer. The township is a general law township and is governed by a 5-member board elected by the citizens of Forsyth Township. The board consists of the supervisor, clerk, treasurer and two trustees whom reside in the community.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," these financial statements present the township for financial reporting purposes. The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if component unit data were not included. Accordingly, there are no other governmental organizations required to be included in the financial statements of the township.

JOINT VENTURE

The township is a member of the Marquette County Solid Waste Management Authority (Authority), a joint venture of the township and 21 other municipalities. The Authority was created pursuant to Act 233 of 1955 to plan for, acquire, construct, finance, operate, maintain, repair and dispose of, whether by sale, lease or otherwise, an Act 641 landfill including all improvements, appurtenances, easements, accessory facilities and structures, equipment, and other property part of or incidental to the landfill sufficient to satisfy the requirements of, and function as a solid waste disposal area under Act 641; to establish and administer procedures providing for the separation, recycling, recovery, conversion of solid waste to energy and for the disposition of such energy output and disposal at the site of Non-Toxic Type II and Type III Solid Waste; to fund all of the above activities; charge and collect fees in connection with the operation of the landfill; and to provide for the reimbursement with receipt of bond proceeds to the City of Marquette and Sands Township of their respective costs and expenses incurred in connection with the establishment and administration of the Solid Waste Authority and the System Facility.

The Authority is governed by a board of trustees consisting of one member (who shall be the chairperson of the board of trustees) designated by the Sands Township Supervisor on behalf of the Sands Township, two members designated by the Marquette City Council, three members designated by the Marquette County Board of Commissioners, and one resident of the City of Marquette appointed by the other six board authority board members.

FORSYTH TOWNSHIP--MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City of Marquette has pledged its full faith and credit for the Marquette County Solid Waste Management Bonds, Series 1988. These bonds are payable from the net revenues of the authority, as well as by each member of the authority to the extent of their pro rata share of the principal and interest requirement on the bonds. The township is a guarantor by pledging the full faith and credit of the township for their allocated portion of bonds issued by the authority in the amount of \$37,837 principal and \$3,679 interest outstanding as of March 31, 2007 at a variable interest rate for 20 years. The amount is not included as a liability in the accompanying financial statements. The authority allocates and charges as an operating expense annual fixed costs to each participant, including debt requirement of the authority's bonds that are guaranteed by the township. The annual amount including interest ranges from \$14,511 to \$15,668 per year and is included as a sanitation department expenditure in the accompanying financial statements.

In addition, bonds were issued to finance the township's portion of the initial construction costs and site search. These bonds are recorded as a liability in the Statement of Net Assets.

The audited financial statements of the Marquette County Solid Waste Management Authority can be obtained at 600 County Road NP, Marquette, Michigan 49855.

JOINTLY GOVERNED ORGANIZATION

Forsyth Township and West Branch Township have entered into an interlocal agreement on May 1, 2003 under Act 7, the Urban Cooperation Act of 1967 (MCL 124.501), to create the Sawyer Operations Authority (SOA), a separate legal entity. The purpose of the SOA is to provide management, development, and promotion for the community surrounding Sawyer International Airport (part of the former K.I. Sawyer Air Force Base). Costs of operations and capital expenditures are supported by contributions from the participating municipalities.

West Branch Township is the fiscal agent of the SOA. During the 2007 fiscal year, the Forsyth Township contributed \$25,492 to the SOA operations and is included in these financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

FORSYTH TOWNSHIP--MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue. Indirect expenses are not allocated to a specific function or activity.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it is both measurable and available. Revenues are considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the township.

When both restricted and unrestricted resources are available for use, it is the township's policy to use restricted resources first, then unrestricted resources as they are needed.

FORSYTH TOWNSHIP--MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The township reports the following major governmental funds:

- The General Fund is the township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Clubhouse Fund accounts for the millage revenue and is reserved for the operation of the clubhouse.
- The Library Fund accounts for State grants, fines and forfeitures, and other contributions for the purpose of operating the township library.

The township reports the following major proprietary funds:

- The Water Fund accounts for the water operations of the township.
- The Sewer Fund accounts for the sewer operations of the township.

Additionally, the township reports the following fund type:

- Agency Funds--These funds account for assets held on behalf of outside parties, including other governments.

Private-sector standards of accounting and financial reporting, issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The township has elected to consistently apply all applicable Financial Accounting Standards Board (FASB) pronouncements issued subsequent to November 30, 1989 in accounting and reporting for its proprietary operation.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

FORSYTH TOWNSHIP--MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Fund relates to charges to customers for sales and services. The Water Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and material to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses, not meeting this definition, are reported as nonoperating revenues and expenses.

Bank Deposits and Investments

For the purposes of the statement of cash flows, demand deposits and short-term investments with a maturity of three months or less, when acquired, are considered to be cash equivalents.

Investments are stated at fair value and short-term investments are reported at cost, which approximates fair value. Earnings from investments are allocated to numerous funds as required by Federal regulations, State statutes, and local ordinances.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the modified accrual basis of accounting.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

FORSYTH TOWNSHIP--MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
Land Improvements	15 to 30 years	
Building and Building Improvements	20 to 40 years	20 to 35 years
Vehicles	3 to 10 years	
Equipment	3 to 10 years	5 to 20 years
Sewer and Water System		20 to 50 years

Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period, or for resources that have been received but not yet earned.

Long-Term Obligations

In the government-wide financial statements and proprietary fund type statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences (Vacation and Sick Leave)

It is the township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A liability for vacation and sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds (using the modified accrual basis of accounting) only for employee terminations as of year end.

FORSYTH TOWNSHIP--MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE B--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The annual budget is prepared by the township supervisor and adopted by the township board at the annual public hearing. The township board approves all subsequent amendments to the budget. The General Fund and special revenue funds are under formal budgetary control. The budget has been prepared on the modified accrual basis, which is in accordance with generally accepted accounting principles. Unexpended appropriations lapse at year end. The budget has been adopted on an activity basis. Budgeted revenues and expenditures include any authorized amendments to the original budget as adopted. The budget adopted does not comply with all requirements established by Public Act 2 of 1968, as amended.

Excess of Expenditures Over Appropriation in Budgeted Funds

Public Act 2 of 1968, as amended, requires the adoption of a balanced budget for general and special revenue funds, as well as budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget.

During the year, the township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Fund, Function and Activity</u>	<u>Final Amended Budget</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures</u>
General Fund			
Public Safety			
Fire Department	\$ 65,000	\$ 65,409	\$(409)
Community and Economic Development			
Zoning Board of Appeals	2,743	2,897	(154)
Library Fund			
Capital Outlay	4,389	5,087	(698)

FORSYTH TOWNSHIP--MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE B--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Fund Deficits

Forsyth Township has an accumulated deficit of \$24,265 and \$19,701 in the unrestricted fund balance in the Horseshoe Lake Assessor Plat Fund and Little Shag Lake Assessor Plat Fund, respectively. Both funds have a special assessment and the receivable covers the deficit. As these are governmental funds, the receivables are offset by deferred revenue and the revenue is recognized when received in the modified accrual basis of accounting.

Public Act 140 of 1971, as amended, requires Forsyth Township to file a deficit elimination plan with the Michigan Department of Treasury within 90 days after the end of the fiscal year for each fund that ended that year in a deficit condition. Forsyth Township has not filed the required plan.

NOTE C--DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States Banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Forsyth Township Board has designated two banks for the deposit of township funds. The investment policy adopted by the board, in accordance with Public Act 20 of 1943, as amended, has authorized investment in the instruments described in the preceding paragraph. The township's deposits and investment policy are in accordance with statutory authority.

At year end, the township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and Cash Equivalents	<u>\$1,487,357</u>	<u>\$ 231,507</u>	<u>\$ 27,074</u>	<u>\$ 1,745,938</u>
Total	<u><u>\$1,487,357</u></u>	<u><u>\$ 231,507</u></u>	<u><u>\$ 27,074</u></u>	<u><u>\$ 1,745,938</u></u>

FORSYTH TOWNSHIP--MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE C--DEPOSITS AND INVESTMENTS (Continued)

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (Checking and Savings Accounts, Certificates of Deposit)	\$ 1,745,503
Petty Cash and Cash on Hand	<u>435</u>
Total	<u><u>\$ 1,745,938</u></u>

The bank balance of the primary government's deposits is \$1,792,890, of which \$200,000 is covered by Federal depository insurance.

Investments Authorized by the Township's Investment Policy

The township's investment policy authorizes investment in all those that are authorized by law. As stated above, the township did not have any investments in the fiscal year ended March 31, 2007.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer where the investment is 5% or greater.

The township's investment policy requires assets to be diversified to eliminate the risk of loss resulting from over concentration in a specific maturity, individual financial institution(s), or a specific class of securities.

FORSYTH TOWNSHIP--MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE C--DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law does not contain requirements that would limit the exposure to custodial credit risk for deposits. However, the asset diversification requirements included in the township's investment policy would limit, to some extent, exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker/dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law does not contain legal requirements that would limit the exposure to custodial credit risk for investments. However, the township's investment policy does contain a safekeeping and custody section that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools. The township is not exposed to custodial credit risk for investments.

NOTE D--PROPERTY TAXES

Property taxes are levied on each December 1st on the taxable valuation of property located in the township as of the preceding December 31st. The township property taxes were levied and collectible on December 1, 2006. It is the policy of Forsyth Township to recognize revenue from the current tax levy in the fiscal year when proceeds of this levy are budgeted and made available for the financing of operations.

The 2006 taxable valuation of Forsyth Township amounted to \$141,140,822, less \$20,320,429 for renaissance zone on which ad valorem taxes of 5.9897 mills were levied for township operating purposes and 1.8336 for the clubhouse resulting in property tax revenue of \$724,260 and \$221,631, respectively, during the fiscal year ended March 31, 2007. These amounts are recognized in the respective General and Special Revenue Fund financial statements as tax revenue.

Taxes Receivable--Delinquent

The taxes receivable delinquent in the General Fund of \$112,473 and in the Clubhouse Fund of \$32,635 consist of uncollected real property taxes levied December 1, 2006, which have not been collected as of March 31, 2007.

FORSYTH TOWNSHIP--MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE E--RECEIVABLES

At March 31, 2007, the accounts receivable for the General Fund were as follows:

	<u>Total Accounts Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Accounts Receivable</u>
General			
Ambulance Billings Receivable	\$ 243,699	\$ (115,296)	\$ 128,403
Garbage	8,241		8,241
Cemetery Care	1,065		1,065
Fire Department	38,379		38,379
Cable Franchise Fee	<u>42,546</u>		<u>42,546</u>
Total	<u>\$ 333,930</u>	<u>\$ (115,296)</u>	<u>\$ 218,634</u>

The ambulance billings receivable, amounting to \$243,699, consists of amounts due from insurance companies and individuals for ambulance services provided for customers. Forsyth Township has no formal policy to record the net estimated collectible accounts receivable which is an unchanged estimate based on uncollectible amounts from a previous year.

Special Assessments Receivable--Governmental Funds

The township collects special assessments in the Horseshoe Lake Assessor Plat Fund and Little Shag Lake Assessor Plat Fund to collect for expenses incurred by the township to plat the area around the respective lakes. The special assessments are billed in December as they are included on the tax bills. As of March 31, 2007, the Horseshoe Lake Assessor Plat Fund and Little Shag Lake Assessor Plat Fund have special assessments receivable of \$24,516 and \$19,836, respectively.

Accounts Receivable--Proprietary Funds

The accounts receivable for the township are recorded in the Sewer and Water Fund. The receivable is based on the sewer and water services provided by the township. The receivables do not have an allowance for doubtful accounts because any receivables not collected are placed on the customer's tax bill. The receivable for the Sewer and Water Fund is \$27,511 and \$35,952, respectively.

Long-Term Receivable--General Fund

In May 2003, the Marquette County Economic Development Corporation (EDC) and Forsyth Township entered into an agreement whereby the EDC would pay the township \$330,000 over a 10 year period to make up for lost property taxes as a result of extending the renaissance zone at the former K.I. Sawyer Air Force Base. The township is to receive \$33,000 over a 10 year period starting May 2004. At March 31, 2007, the balance due to the township is \$198,000. This receivable is offset by deferred revenue as it will not be earned until collected.

FORSYTH TOWNSHIP--MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE F--INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The current interfund receivables and payables between funds are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ 23,105	Agency Funds	\$ 9,071
		Water	14,034
Library Fund	<u>8,450</u>	General	<u>8,450</u>
Total Primary Government	<u><u>\$ 31,555</u></u>		<u><u>\$ 31,555</u></u>

The above interfund receivables and payables are the result of current expenditures that were paid by the receivable fund on behalf of the payable fund.

The amount of long-term interfund receivables and payables between funds are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>\$ 43,966</u>	Horseshoe Lake Assessor Plat	\$ 24,265
		Little Shag Lake Assessor Plat	<u>19,701</u>
Total Primary Government	<u><u>\$ 43,966</u></u>		<u><u>\$ 43,966</u></u>

The above long-term receivables/payables are related to start up costs for the assessor plat funds, which will be paid back to the General Fund when the special assessment receivables are collected.

The 2007 operating transfers from Exhibits D can be summarized as follows:

	<u>Transfers In</u>		<u>Transfers (Out)</u>
General	\$ 6,400	Non-Major Governmental	\$ 6,400
Library	54,770	General	54,770
Non-Major Governmental	<u>94,583</u>	General	<u>94,583</u>
Total	<u><u>\$ 155,753</u></u>		<u><u>\$ 155,753</u></u>

FORSYTH TOWNSHIP--MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE G--CAPITAL ASSETS

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Construction in Progress		\$ 96,842		\$ 96,842
Land	\$ 665,066			665,066
Subtotal	665,066	96,842	\$ -	761,908
Capital Assets Being Depreciated				
Building and Building Improvements	1,314,066	20,847		1,334,913
Equipment	686,862	13,944		700,806
Vehicles	1,430,460		29,448	1,401,012
Subtotal	3,431,388	34,791	29,448	3,436,731
Less Accumulated Depreciation for				
Building and Building Improvements	375,552	32,859		408,411
Equipment	417,413	59,357		476,770
Vehicles	894,831	76,860	29,448	942,243
Subtotal	1,687,796	169,076	29,448	1,827,424
Net Capital Assets Being Depreciated	1,743,592	(134,285)	-	1,609,307
Governmental Activities Capital Total				
Capital Assets--Net of Depreciation	<u>\$ 2,408,658</u>	<u>\$ 131,633</u>	<u>\$ 169,076</u>	<u>\$ 2,371,215</u>

The depreciation expense was \$169,037 during the year as follows:

Governmental Activities	
General Governmental	\$ 12,281
Public Safety	68,472
Public Works	
Health and Welfare	20,051
Recreational and Cultural	<u>37,963</u>
Total Depreciation	<u>\$ 138,767</u>

FORSYTH TOWNSHIP--MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE G--CAPITAL ASSETS (Continued)

Capital asset activity of the township for the current year was as follows:

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Sewer Land and Improvements	\$ 9,761			\$ 9,761
Water Land and Improvements	4,399			4,399
Sewer Construction in Progress	19,069	\$ 15,618		34,687
Water Construction in Progress		17,980		17,980
Subtotal	<u>33,229</u>	<u>33,598</u>	<u>\$ -</u>	<u>66,827</u>
Capital Assets Being Depreciated				
Sewer Buildings and Improvements	1,664			1,664
Water Buildings and Improvements	435,458			435,458
Sewer Distribution System	1,834,746			1,834,746
Water Distribution System	1,609,046			1,609,046
Sewer Equipment	99,733	33,495	8,691	124,537
Water Equipment	57,089			57,089
Subtotal	<u>4,037,736</u>	<u>33,495</u>	<u>8,691</u>	<u>4,062,540</u>
Less Accumulated Depreciation for				
Sewer Buildings and Improvements	1,664			1,664
Water Buildings and Improvements	294,170	12,041		306,211
Sewer Distribution System	1,083,675	37,262		1,120,937
Water Distribution System	715,604	32,274		747,878
Sewer Equipment	91,539	2,820	8,691	85,668
Water Equipment	57,089			57,089
Subtotal	<u>2,243,741</u>	<u>84,397</u>	<u>-</u>	<u>2,319,447</u>
Net Capital Assets Being Depreciated	<u>1,793,995</u>	<u>(50,902)</u>	<u>8,691</u>	<u>1,743,093</u>
Business-Type Activities Capital Total				
Capital Assets--Net of Depreciation	<u>\$ 1,827,224</u>	<u>\$ 67,093</u>	<u>\$ 84,397</u>	<u>\$ 1,809,920</u>

FORSYTH TOWNSHIP--MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE G--CAPITAL ASSETS (Continued)

The depreciation expense was \$84,397 during the year as follows:

Business-Type Activities	
Sewer	\$ 40,082
Water	<u>44,315</u>
Total Business-Type Activities	<u><u>\$ 84,397</u></u>

NOTE H--LONG-TERM DEBT

The township issues bonds to provide for the acquisition and construction of major capital improvements. General obligation bonds are direct obligations and pledge the full faith and credit of the township. Special assessment bonds provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties benefited from the construction. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

	<u>Balance</u> <u>04/01/06</u>	<u>Additions</u> <u>(Reductions)</u>	<u>Balance</u> <u>03/31/07</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities</u>				
Forsyth Township Lease Installment Payable of \$135,986 for ten years at an interest rate of 6.15% due in annual installments for the purchase of a new fire truck	\$ 17,529	\$ (17,529)	-	
Forsyth Township Lease Installment Payable of \$300,000 for ten years at an interest rate of 4.340% due in semiannual installments for the purchase of a new fire truck.	272,286	(25,373)	\$ 246,913	\$ 26,474
Forsyth Township share of Solid Waste Landfill Bond Series 1988 for 20 years at an average coupon rate of 4.919% for the expansion of the landfill.	54,934	(16,703)	38,231	18,188
Vested Employee Benefits Payable	<u>68,617</u>	<u>45,609</u>	<u>114,226</u>	
Total Governmental Activities	<u><u>\$ 413,366</u></u>	<u><u>\$ (13,996)</u></u>	<u><u>\$ 399,370</u></u>	<u><u>\$ 44,662</u></u>

FORSYTH TOWNSHIP--MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

	<u>Balance</u> <u>04/01/06</u>	<u>Additions</u> <u>(Reductions)</u>	<u>Balance</u> <u>03/31/07</u>	<u>Due Within</u> <u>One Year</u>
<u>Business-Type Activities</u>				
Forsyth Township bonds due in annual installments of \$10,000 to \$15,000 for 25 years at an interest rate of 5% for additions to the sewer sytem.	\$100,000	\$ (100,000)	-	
Forsyth Township bonds due in annual installments of \$10,000 to \$15,000 for 38 years at an interest rate of 5% for additions to the sewer sytem.	25,000	(25,000)	-	-
Forsyth Township refunded bonds due in semiannual installments of \$50,000 to \$70,000 for 10 years at a variable interest rate of 3.8% to 4.5% for additons to the water system.	70,000	(70,000)	-	-
Forsyth Township Lease Installment Payable of \$33,495 for four years at an interest rate of 4.5% due in quarterly installments for the purchase of a new sewer roder.		33,495 (4,199)	\$29,296	\$7,847
Total Business-Type Activities	<u>\$195,000</u>	<u>\$ (165,704)</u>	<u>\$29,296</u>	<u>\$7,847</u>

The annual requirements to pay the principal and interest on the township's long-term debt obligations outstanding at March 31, 2007, are as follows:

Annual Principal and Interest Requirements

Date of Issue: December 13, 2004

Amount: \$300,000

Purpose: Fire Truck

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
09/2007	\$ 26,474	\$ 10,716	\$ 37,190
09/2008	27,623	9,567	37,190
09/2009	28,822	8,368	37,190
09/2010	30,073	7,117	37,190
09/2011	31,378	5,812	37,190
09/2012	32,740	4,450	37,190
09/2013	34,160	3,030	37,190
09/2014	35,643	1,547	37,190
	<u>\$246,913</u>	<u>\$50,607</u>	<u>\$297,520</u>

FORSYTH TOWNSHIP--MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

Date of Issue: November 1, 1989

Amount: \$175,565

Purpose: Landfill Expansion

<u>Year</u>	<u>May 1 Principal</u>	<u>May 1 Interest</u>	<u>November 1 Interest</u>	<u>Annual Total</u>
2007			\$ 1,345	\$ 1,345
2008	\$ 18,188	\$ 1,336	501	20,025
2009	<u>20,043</u>	<u>501</u>	<u> </u>	<u>20,544</u>
	<u>\$ 38,231</u>	<u>\$ 1,837</u>	<u>\$ 1,846</u>	<u>\$41,914</u>

Annual Principal and Interest Requirements--Sewer Fund

Date of Issue: October 19, 2006

Amount: \$33,495

Purpose: Sewer Roder

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007/08	\$ 7,847	\$ 1,346	\$ 9,193
2008/09	8,255	938	9,193
2009/10	8,684	509	9,193
2010/11	<u>4,510</u>	<u>86</u>	<u>4,596</u>
	<u>\$ 29,296</u>	<u>\$ 2,879</u>	<u>\$ 32,175</u>

FORSYTH TOWNSHIP--MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE I--COMPENSATED ABSENCES

Vested Employee Benefits Payable

The township has an accrued liability for accumulated vested vacation, compensatory time and sick leave benefits payable for its employees. As of March 31, 2007, the accumulated vested vacation, compensatory time and sick leave benefits of the employees of various township departments were as follows:

Vested Employee Benefits Payable--Primary Government

	<u>Vacation</u> <u>03/31/07</u>	<u>Sick</u> <u>03/31/07</u>	<u>Compensatory</u> <u>03/31/07</u>	<u>Total</u>
Vested Employee Benefits Payable				
Township General Employees	\$ 59,563	\$ 49,705	\$ 4,958	\$ 114,226
Sewer Employees	5,055	1,083	-	6,138
Water Employees	<u>5,056</u>	<u>1,083</u>	<u>-</u>	<u>6,139</u>
Total Vested Employee Benefits Payable	<u>\$ 69,674</u>	<u>\$ 51,871</u>	<u>\$ 4,958</u>	<u>\$ 126,503</u>

Substantially, all township employees are entitled to certain vacation and sick pay benefits that accrue and vest under various parameters. The amounts depend upon which labor contract the employee is subject to or upon which department or fund the employee is within. Accrued benefits for all governmental fund types are reported as long-term debt.

NOTE J--EMPLOYEES' RETIREMENT SYSTEM

PRIMARY GOVERNMENT

Description of Plan and Plan Assets

Forsyth Township is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS), administered by the State of Michigan. The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, nonduty-connected death and post-retirement adjustments to plan members and their beneficiaries. The service requirement for Steelworkers, Police Officers, and Administrative Employees, is computed using credited service at the time of termination of membership multiplied by the sum of 2.5% times the final average compensation (FAC), with a maximum benefit of 80% of FAC. The service requirement for the Chief of Police is computed using credited service at the time of termination of membership multiplied by the sum of 2.25% of (FAC), with a maximum benefit of 80% of FAC. The most recent period for which actuarial data was available was for the year ended December 31, 2006.

FORSYTH TOWNSHIP--MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE J--EMPLOYEES' RETIREMENT SYSTEM (Continued)

MERS was organized pursuant to Section 12a of Public Act 156 of 1851 (MCL 46.12a). MERS is regulated under Public Act 427 of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy

Steelworkers, Police Officers, and Administrative Employees contribute 3% of the first \$4,200 of annual compensation and 5% of portions over \$4,200. The Chief of Police is not required to contribute a percentage of his annual compensation. The township's pension contributions of covered payroll for the period ending December 31, 2006 were 22.07% for Steelworkers, 11.72% for Police Officers, 33.51% for Administrative Employees, and 18.40% for the Chief of Police, respectively.

If a member leaves the employ of the municipality or dies, without a retirement allowance or other benefit payable on his account, the member's accumulated contributions (with 5% interest) are refunded to the member, if living, or to the member's beneficiary.

Annual Pension Cost

During the calendar year ended December 31, 2006, the township's contributions totaled \$131,284 and the employee contributions totaled \$33,070; these contributions were made in accordance with the contribution requirement determined by an actuarial valuation of the plan as of December 31, 2004, and personnel agreement. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8% and annual salary increases of 4.5% plus a percentage based on an age-related scale to reflect merit, longevity, and promotional salary increases.

FORSYTH TOWNSHIP--MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE J--EMPLOYEES' RETIREMENT SYSTEM (Continued)

Three Year Trend Information for GASB Statement No. 27

<u>Year Ended Dec 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2004	\$ 144,263	100%	\$0
2005	103,291	100%	0
2006	131,284	100%	0

Required Supplementary Information for GASB Statement No. 27

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Underfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
12/31/2004	\$2,017,660	\$ 3,594,531	\$ 1,576,871	56%	\$ 701,574	225%
12/31/2005	2,169,868	3,824,329	1,654,461	57%	632,898	261%
12/31/2006	2,385,804	4,562,054	2,176,250	52%	764,205	285%

NOTE K--SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The township maintains an enterprise fund that provides water services. Segment information for the year ended March 31, 2007, was as follows:

	<u>Sewer</u>	<u>Water</u>
Operating Revenues	\$ 225,259	\$ 395,180
Operating Income (Loss)	39,759	122,332
Net Income (Loss)	(22,660)	132,316
Capital Assets Less		
Accumulated Depreciation	797,126	1,012,794
Long-Term Debt	29,296	
Total Assets	896,973	1,211,750
Total Equity	853,535	1,177,487

FORSYTH TOWNSHIP--MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE L--DEFERRED COMPENSATION PLAN

Primary Government

Forsyth Township offers all employees a deferred compensation plan created in accordance with the Internal Revenue Code (IRC), Section 457. The assets of the plan are held in a trust, custodial account or annuity contract described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodial account is held by the custodian for the exclusive benefit of the participants and beneficiaries of these Section 457 plans and the assets may not be diverted to any other use. The administrator (Nationwide Retirement Solutions) is an agent of the employer. The administrator provides direction to the custodian, from time to time, regarding the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement No. 32, plan balances and activities are not reflected in the township's financial statements.

NOTE M--RISK MANAGEMENT

Forsyth Township is exposed to various risks of loss related to property loss, torts, and errors and omissions and employees injuries (workers' compensation). The township has purchased commercial insurance coverage through various policies for general liability, property, vehicle and workmans' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

The Michigan Township's Participating Plan (Plan) operates as an insurance pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

NOTE N--CONTINGENCIES

Two utility companies had pending appeals against the township with the Michigan Tax Tribunal March 31, 2007. The township was appealing the multiplier for determining personal property taxes of such utilities. Some of the utilities have paid the lower amount (as claimed in the appeal) to the township. The other utilities have paid the full amount as billed by the township. The outcome has been determined, and the township and other governmental units were required to refund the taxes. The township's portion was \$49,300 and the Clubhouse's portion is \$24,337. Payment of the refunded taxes were made during June 2007.

FORSYTH TOWNSHIP--MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE O--SUBSEQUENT EVENT

After the year end, the township issued "Sewage Disposal System Revenue Bonds, Series 2007", in the principal amount of not to exceed \$600,000 as authorized by ordinance number 01-07. The bonds shall be payable out of the net revenues and shall consist of bonds of the denomination of \$5,000 or integral multiples of \$5,000 not exceeding in any one year the amount maturing in that year, dated as of May 1, 2007, or such other date as set forth in the sale order. 2007 bonds shall mature no later than October 1, 2027. The series 2007 bonds shall bear interest at a rate or rates to be determined on public or negotiated sale thereof, but in any event not exceeding 6% per annum, payable on April 1 and October 1 of each year, commencing October 1, 2007 or such other date or dates as set forth in the sale order. The series 2007 bonds shall be sold at not less than 98% of their par value.

**FORSYTH TOWNSHIP--MARQUETTE COUNTY
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended March 31, 2007**

EXHIBIT I

	BUDGETED AMOUNTS			Variance With Final Budget Positive (Negative)
	Original Budget	Final Amended Budget	Actual	
Revenues				
Taxes	\$ 783,759	\$ 783,759	\$ 808,899	\$ 25,140
Licenses and Permits	400	35,400	36,440	1,040
State Grants	491,870	562,990	570,290	7,300
Contributions From Local Units	-	15,000	125,861	110,861
Charge for Services	234,620	246,120	256,336	10,216
Fines and Forfeitures	3,500	3,500	-	(3,500)
Interest and Rentals	12,350	12,350	48,779	36,429
Other Revenue	111,800	88,000	38,481	(49,519)
Total Revenue	1,638,299	1,747,119	1,885,086	137,967
Expenditures				
General Government	466,170	494,322	419,958	74,364
Public Safety	527,953	577,800	575,166	2,634
Public Works	213,380	229,815	216,993	12,822
Health and Welfare	189,755	206,545	202,337	4,208
Community and Economic Development	7,668	11,025	6,946	4,079
Other	158,300	134,450	99,483	34,967
Capital Outlay	39,150	32,198	8,857	23,341
Debt Service	75,730	76,150	76,055	95
Total Expenditures	1,678,106	1,762,305	1,605,795	156,510
Excess of Revenues Over (Under) Expenditures	(39,807)	(15,186)	279,291	294,477
Other Financing Sources (Uses)				
Operating Transfers In	57,600	39,585	6,400	(33,185)
Operating Transfers (Out)	(47,807)	(153,450)	(149,233)	4,217
Total Other Financing Sources (Uses)	9,793	(113,865)	(142,833)	(28,968)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(30,014)	(129,051)	136,458	265,509
Fund Balance--April 1, 2006	750,866	750,866	936,546	185,680
Fund Balance--March 31, 2007	\$ 720,852	\$ 621,815	\$ 1,073,004	\$ 451,189

The Notes to Financial Statements are an integral part of this statement.

**FORSYTH TOWNSHIP--MARQUETTE COUNTY
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
CLUBHOUSE FUND--MAJOR SPECIAL REVENUE FUND
For the Year Ended March 31, 2007**

EXHIBIT J

	BUDGETED AMOUNTS		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 216,250	\$ 216,250	\$ 221,783	\$ 5,533
State Grants	217,230	217,230	-	(217,230)
Charges for Services	4,700	4,700	6,364	1,664
Interest	1,000	1,000	4,231	3,231
Other	39,200	39,200	4,651	(34,549)
Total Revenues	478,380	478,380	237,029	(241,351)
Expenditures				
Recreational and Cultural	178,300	178,300	144,521	33,779
Capital Outlay	285,000	285,000	117,689	167,311
Total Expenditures	463,300	463,300	262,210	201,090
Excess of Revenues Over (Under) Expenditures	15,080	15,080	(25,181)	(40,261)
Fund Balance--April 1, 2006	-	-	193,323	193,323
Fund Balance--March 31, 2007	\$ 15,080	\$ 15,080	\$ 168,142	\$ 153,062

The Notes to Financial Statements are an integral part of this statement.

**FORSYTH TOWNSHIP--MARQUETTE COUNTY
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
LIBRARY FUND--MAJOR SPECIAL REVENUE FUND
For the Year Ended March 31, 2007**

EXHIBIT K

	BUDGETED AMOUNTS			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
State Grants		\$ 4,679	\$ 4,397	\$ (282)
Charge for Services		50	50	-
Fines and Forfeitures		18,000	20,403	2,403
Other Revenue		3,850	260,608	256,758
Interest and Rentals		930	3,618	2,688
Total Revenues	\$ -	27,509	289,076	261,567
Expenditures				
Culture and Recreation	-	67,003	64,540	2,463
Capital Outlay	-	4,389	5,087	(698)
Total Expenditures	-	71,392	69,627	1,765
Excess of Revenues Over (Under) Expenditures	-	(43,883)	219,449	263,332
Other Financing Sources (Uses)				
Interfund Transfers In		47,807	54,770	6,963
Total Other Financing Sources (Uses)	-	47,807	54,770	6,963
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	3,924	274,219	270,295
Fund Balance--April 1, 2006	-	-	76,967	76,967
Fund Balance (Deficit)--March 31, 2007	\$ -	\$ 3,924	\$ 351,186	\$ 347,262

The Notes to Financial Statements are an integral part of this statement.

FORSYTH TOWNSHIP--MARQUETTE COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
March 31, 2007

EXHIBIT L

	PERMANENT FUND	SPECIAL REVENUE FUNDS			
	Cemetery Perpetual Care	Township Improvement	Little Shag Lake	Horseshoe Lake Assessors Plat	Total
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 160,155	\$ 139,193			\$ 299,348
Special Assessments Receivable			\$ 19,836	\$ 24,516	44,352
Interest Receivable	199				199
Total Assets	<u>\$ 160,354</u>	<u>\$ 139,193</u>	<u>\$ 19,836</u>	<u>\$ 24,516</u>	<u>\$ 343,899</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Due to Other Funds			\$ 19,701	\$ 24,265	\$ 43,966
Deferred Revenue			19,836	24,516	44,352
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>39,537</u>	<u>48,781</u>	<u>88,318</u>
Fund Balances					
Reserved for Perptual Care	160,354				160,354
Unreserved--Undesignated		139,193	(19,701)	(24,265)	95,227
Total Fund Balances	<u>160,354</u>	<u>139,193</u>	<u>(19,701)</u>	<u>(24,265)</u>	<u>255,581</u>
Total Liabilities and Fund Balances	<u>\$ 160,354</u>	<u>\$ 139,193</u>	<u>\$ 19,836</u>	<u>\$ 24,516</u>	<u>\$ 343,899</u>

FORSYTH TOWNSHIP--MARQUETTE COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended March 31, 2007

EXHIBIT M

	PERMANENT FUND	SPECIAL REVENUE FUNDS			
	Cemetery Perpetual Care	Township Improvement	Little Shag Lake	Horseshoe Lake Assessors Plat	Total
Revenues					
Charges for Services	\$ 1,650				\$ 1,650
Interest and Rentals	5,644	\$ 3,388	\$ 135	\$ 251	9,418
Other			5,956	10,786	16,742
Total Revenues	7,294	3,388	\$ 6,091	11,037	27,810
Expenditures					
General Government		-			-
Total Expenditures	-	-	-	-	-
Excess of Revenue Over (Under) Expenditures	7,294	3,388	6,091	11,037	27,810
Other Financing Sources (Uses)					
Interfund Transfers In		94,463			94,463
Interfund Transfers (Out)	(6,400)	-	-		(6,400)
Total Other Financing Sources (Uses)	(6,400)	94,463	-	-	88,063
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	894	97,851	6,091	11,037	115,873
Fund Balance--April 1, 2006	159,460	41,342	(25,792)	(35,302)	139,708
Fund Balance--March 31, 2007	\$ 160,354	\$ 139,193	\$ (19,701)	\$ (24,265)	\$ 255,581

FORSYTH TOWNSHIP--MARQUETTE COUNTY
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
March 31, 2007

EXHIBIT N

	AGENCY FUNDS		
	Trust and Agency	Tax Collection	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 13,448	\$ 13,626	\$ 27,074
Total Assets	<u>\$ 13,448</u>	<u>\$ 13,626</u>	<u>\$ 27,074</u>
<u>LIABILITIES</u>			
Liabilities			
Due to Other Funds		\$ 9,071	\$ 9,071
Due to Other Governmental Units	\$ 1,334		1,334
Due to Others	12,114		12,114
Undistributed Tax Receipts		4,555	4,555
Total Liabilities	<u>\$ 13,448</u>	<u>\$ 13,626</u>	<u>\$ 27,074</u>

FORSYTH TOWNSHIP--MARQUETTE COUNTY
STATEMENT OF REVENUES
BUDGET AND ACTUAL--GENERAL FUND
For the Year Ended March 31, 2007

EXHIBIT O

	Original Budget	Final Amended Budget	Actual	Variance With Final Budget Positive (Negative)
<u>REVENUES</u>				
Property Taxes				
Current Property Taxes	\$ 704,900	\$ 704,900	\$ 724,159	\$ 19,259
Delinquent Real Property Taxes	-	-	101	101
Delinquent Personal Property Taxes	-	-	542	542
Tax Tribunal	-	-	-	-
Homestead and Swampland Taxes	40,004	40,004	40,004	-
Trailer Park Taxes	230	230	232	2
Commercial Forest Reserve	1,650	1,650	2,561	911
Interest on Delinquent Taxes	275	275	-	(275)
Administrative Fees	36,700	36,700	41,300	4,600
Total Property Taxes	783,759	783,759	808,899	25,140
Licenses and Permits				
Dog Licenses	400	400	354	(46)
Cable Franchise	-	35,000	36,086	1,086
Total Licenses and Permits	400	35,400	36,440	1,040
State Aid				
Act 302 Training	900	900	613	(287)
State Revenue Sharing	473,970	545,090	553,597	8,507
Liquor Law	5,000	5,000	5,066	66
Metro Act	12,000	12,000	10,438	(1,562)
Other State Grants	-	-	576	576
Total State Aid	491,870	562,990	570,290	7,300
Contributions From Local Units				
Marquette County EDC	-	-	33,000	33,000
Marquette County--Sawyer Operations	-	15,000	15,000	-
Marquette County--Senior Citizen Center	-	-	77,861	77,861
Total Contributions From Local Units	-	15,000	125,861	110,861
Charge for Services				
Zoning Permits	8,000	8,000	9,909	1,909
Grave Openings	8,000	8,000	3,289	(4,711)
School Election Charge	4,400	4,400	2,475	(1,925)
Upkeep of Cemetery Lots	400	400	340	(60)
Ambulance Service Fees	160,000	160,000	147,708	(12,292)
Fire Department Charges	10,000	10,000	34,210	24,210
Office and Secretarial Services	5,520	5,520	5,520	-
Sale of Cemetery Lots	2,300	2,300	900	(1,400)
Transfer Station/Garbage Charges	36,000	36,000	40,588	4,588
Police Department--Charges for Services	-	7,100	6,847	(253)
Plat Books	-	900	742	(158)
Copies/Other CFS	-	3,500	3,808	308
Total Charge for Services	234,620	246,120	256,336	10,216

FORSYTH TOWNSHIP--MARQUETTE COUNTY
STATEMENT OF REVENUES
BUDGET AND ACTUAL--GENERAL FUND
For the Year Ended March 31, 2007

EXHIBIT O
(CONTINUED)

	Original Budget	Final Amended Budget	Actual	Variance With Final Budget Positive (Negative)
Fines and Forfeitures				
Traffic and Ordinance Fines	3,500	3,500	-	(3,500)
Total Fines and Forfeitures	3,500	3,500	-	(3,500)
Interest and Rentals				
Interest	6,000	6,000	42,735	36,735
Rent	6,350	6,350	6,044	(306)
Total Interest and Rentals	12,350	12,350	48,779	36,429
Other Revenue				
Other Revenue	104,000	30,000	26,789	(3,211)
Sale of Fixed Assets	1,000	1,000	2,117	1,117
Contributions and Donations	2,600	36,500	3,508	(32,992)
Reimbursements	4,200	20,500	747	(19,753)
Insurance and Surety Bond Refunds	-	-	5,320	5,320
Total Other Revenue	111,800	88,000	38,481	(49,519)
Total Revenue	1,638,299	1,747,119	1,885,086	137,967
Other Financing Sources				
Operating Transfers In	57,600	39,585	6,400	(33,185)
Total Other Financing Sources	57,600	39,585	6,400	(33,185)
Total Revenue and Other Financing Sources	\$ 1,695,899	\$ 1,786,704	\$ 1,891,486	\$ 104,782

FORSYTH TOWNSHIP--MARQUETTE COUNTY
STATEMENT OF EXPENDITURES
BUDGET AND ACTUAL--GENERAL FUND
For the Year Ended March 31, 2007

EXHIBIT P

	Original Budget	Final Amended Budget	Actual	Variance With Final Budget Positive (Negative)
General Government				
Township Board	\$ 48,715	\$ 10,865	\$ 10,345	\$ 520
Supervisor	-	17,200	14,809	2,391
Audit	-	5,000	-	5,000
Assessor	142,496	142,496	140,332	2,164
Clerk	-	14,580	13,314	1,266
Board of Review	2,039	2,039	905	1,134
Treasurer	-	11,070	10,173	897
Tax Office Expense	15,000	16,000	15,563	437
Office Expenses	67,800	77,952	72,399	5,553
Elections	15,000	17,000	16,123	877
Building and Grounds	75,600	75,600	60,781	14,819
Attorney	-	26,000	11,059	14,941
Cemetery	40,870	40,870	29,813	11,057
General Administration	58,650	37,650	24,342	13,308
Total General Government	466,170	494,322	419,958	74,364
Public Safety				
Police Department	449,042	480,000	479,288	712
Fire Department	75,411	65,000	65,409	(409)
Ordinance Enforcement	3,500	3,500	3,183	317
NIMS Expense	-	1,800	1,794	6
Sawyer Operations Authority	-	27,500	25,492	2,008
Total Public Safety	527,953	577,800	575,166	2,634
Public Works				
DPW	151,515	151,515	146,193	5,322
Street Lights	40,000	45,500	45,136	364
Landfill	1,000	1,000	-	1,000
Transfer Station	20,865	26,500	24,474	2,026
Road Work	-	5,300	1,190	4,110
Total Public Works	213,380	229,815	216,993	12,822
Health and Welfare				
Ambulance	81,210	98,000	97,786	214
Senior Citizen	108,545	108,545	104,551	3,994
Total Health and Welfare	189,755	206,545	202,337	4,208
Community and Economic Development				
Planning Commission	4,925	8,282	4,049	4,233
Zoning Board of Appeals	2,743	2,743	2,897	(154)
Total Community and Economic Development	7,668	11,025	6,946	4,079

FORSYTH TOWNSHIP--MARQUETTE COUNTY
STATEMENT OF EXPENDITURES
BUDGET AND ACTUAL--GENERAL FUND
For the Year Ended March 31, 2007

EXHIBIT P
(CONTINUED)

	Original Budget	Final Amended Budget	Actual	Variance With Final Budget Positive (Negative)
Other				
Insurance and Fringes	99,100	99,100	94,939	4,161
Contingency	10,000	10,000	-	10,000
Refunds/Rebates	5,500	13,100	2,995	10,105
Miscellaneous	43,700	12,250	1,549	10,701
Total Other	158,300	134,450	99,483	34,967
Capital Outlay	39,150	32,198	8,857	23,341
Total Capital Outlay	39,150	32,198	8,857	23,341
Debt Service				
Principal Payments	75,730	59,649	59,605	44
Interest Expense	-	16,501	16,450	51
Total Debt Service	75,730	76,150	76,055	95
Other Financing Sources				
Operating Transfers (Out) Library	47,807	58,987	54,770	4,217
Operating Transfers (Out) Capital Improvement	-	94,463	94,463	-
Total Other Financing Sources	47,807	153,450	149,233	4,217
Total Expenditures	\$ 1,725,913	\$ 1,915,755	\$ 1,755,028	\$ 158,619



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

ROBERT J. KLEINE
STATE TREASURER

July 16, 2008

Forsyth Township Board
P.O. Box 1360
186 West Flint Street
Gwinn, Michigan 49841

RE: Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of the Financial Statements Performed in
Accordance With Government Auditing Standards

Dear Board Members:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Forsyth Township, Marquette County, Michigan, as of and for the year ended March 31, 2007, which collectively comprise Forsyth Township's basic financial statements and have issued our report thereon dated July 16, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Forsyth Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the effectiveness of internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Forsyth Township's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all matters in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Forsyth Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted

accounting principles such that there is more than a remote likelihood that a misstatement of Forsyth Township's financial statements that is more than inconsequential will not be prevented or detected by Forsyth Township's internal control. We consider the deficiencies described in the accompanying comments and recommendations to be significant deficiencies in internal control over financial reporting which are listed as Findings 2006-1 and 2007-1 through 2007-5.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Forsyth Township's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily identify all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider Findings 2006-1 and 2007-1 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Forsyth Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and which are described in the accompanying Comments and Recommendations as Findings 2006-10, 2006-11, 2007-6 and 2006-13.

Also in "Other Matter," we reported Finding 2006-15 to the management of Forsyth Township in the accompanying comments and recommendations.

This report is intended solely for the information and use of the management, the township board, others within the township, Federal awarding agencies, and State and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Cary Jay Vaughn, CPA, CGFM
Audit Manager
Local Audit and Finance Division

FORSYTH TOWNSHIP--MARQUETTE COUNTY

SCHEDULE OF FINDINGS

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that could adversely affect the Forsyth Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Forsyth Township's financial statements that is more than inconsequential will not be prevented or detected by the township's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies, which results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Forsyth Township's internal control.

MATERIAL WEAKNESSES

Treasurer--Bank Reconciliation

Finding 2006-1

Condition: The general checking account was reconciled prior to the start of the audit. However, there was an unreconciled difference of \$2,966.21. As of September 30, 2007, this amount was only \$238.38. It appears this amount varies from month to month, indicating that items are being missed on a monthly basis. The bookkeeper's bank reconciliation is not reviewed by upper management.

Criteria: The Standards of Internal Control for the Federal Government (which is a good general standard for all types of municipalities) states that reconciliations must be performed as part of internal controls. This is further enhanced by the Uniform Accounting Procedures Manual which states: "all bank accounts must be reconciled to the local unit accounting records monthly and should then be reviewed by the appropriate supervisory personnel."

Recommendation: We recommend that all bank accounts be reconciled on a timely basis with the accounting records and that all bank accounts be recorded in the accounting records. The township needs to determine what the unreconciled differences are and the bank reconciliations should be reviewed by the treasurer monthly.

Library Expenditures

Finding 2007-1

Condition: Expenditures for the library are not approved by anyone other than the librarian.

Criteria: According to Michigan Compiled Law (MCL) 397.205, the board of directors of the library shall have exclusive control of the expenditure of all moneys collected to the credit of the library fund.

Recommendation: The expenditures of the library should have administrative approval on them from the Library Board of Directors before the bookkeeper processes the payments.

FORSYTH TOWNSHIP--MARQUETTE COUNTY

SCHEDULE OF FINDINGS

SIGNIFICANT DEFICIENCIES

Petty Cash

Finding 2007-2

Condition: The township has 4 petty cash funds maintained in the offices and the library petty cash fund is being reimbursed without accurate receipts.

Criteria: Petty cash funds are to be used for miscellaneous incidental expenditures and should only be reimbursed for expenses actually incurred.

Recommendation: We recommend that the township establish one petty cash fund of \$150 to be maintained by the bookkeeper. This fund should be reconciled and reimbursed monthly. This fund should only be reimbursed for expenditures incurred. The library should run their postage through the township postage meter to eliminate the need for repetitive reimbursements for postage.

Imprest Cash--Township Office

Finding 2007-3

Condition: The township office has cash on hand that is not accounted for in the trial balance. Clerks cash personal checks for people out of township funds.

Criteria: According to the "Accounting Procedures Manual for Local Units of Government," all cash must be accounted for in the trial balance. Also, the change drawer should never be used to cash personal checks. This is a poor internal control that can too easily lead to theft and may be a violation of the State Constitution, Article IX, Section 18, which states, "the credit of the state shall not be granted to, nor in aid of any person, association or corporation, public or private, except as authorized in this constitution."

Recommendation: The township should cease cashing personal checks for any individual, association or corporation. The township should also record all cash on hand in its various locations in the trial balance as proposed.

Imprest Cash--Police Department

Finding 2007-4

Condition: The police department does not keep a receipt book for cash received and no reconciliation is performed on monies deposited. Cash on hand is not kept in a secure place.

FORSYTH TOWNSHIP--MARQUETTE COUNTY

SCHEDULE OF FINDINGS

SIGNIFICANT DEFICIENCIES (Continued)

Criteria: Undeposited funds should be secured in a locked place such as a safe. According to the “Accounting Procedures Manual for Local Units of Government,” the following procedures must be adopted to ensure that all cash collected will be deposited:

- Formal evidence must be created for each collection (such as printed sequentially numbered cash receipt, cash register receipt, etc.).
- The system must include controls to ensure that every receipt is to be included in a periodic listing of cash receipts.
- Each bank deposit must be in agreement with the cash receipts listing noted above.
- Currency must be deposited in tact.
- Deposit must be made timely.

Recommendation: Cash on hand should be kept in a secure place, such as the office, not in the lobby. Also, a receipt system should be implemented to allow for reconciliation of cash received by the police department to what is actually deposited.

Imprest Cash--Library

Finding 2007-5

Condition: Portions of deposits are withheld to keep change on hand for copies and book sales. There is no formal receipt process for copies and book sales. No reconciliation of money received at the library is performed.

Criteria: According to the “Accounting Procedures Manual for Local Units of Government,” change drawers should never be made from cash receipts. All funds must be deposited in tact. Also, there must be a record of each individual cash transaction. This may be accomplished using manually written or computer generated receipts, a cash register receipt, a point of sale cash receipts system, or any other method that results in a written record of each individual receipt. Manually prepared receipts must be from sequentially numbered official receipts that includes the local unit name and the department name. All receipts must be reconciled to deposits.

Recommendation: The township should establish a \$25 change drawer for the library. The township should establish a receipt system or cash register for the library that would track the book sales and copies separately. All receipts should be reconciled to deposits.

FORSYTH TOWNSHIP--MARQUETTE COUNTY

SCHEDULE OF FINDINGS

NONCOMPLIANCE WITH STATE STATUTES

Our examination revealed the following instance of noncompliance with State statutes.

Violation of Open Meetings Act

Finding 2006-10

Condition: On June 22, 2006, September 14, 2006, September 27, 2006 and August 9, 2007, the township board held a closed session with no reason for the closed session indicated.

Criteria: MCL 15.268 section 8(a) of the Open Meetings Act states: “To consider the dismissal, suspension, or disciplining of, or to hear complaints or charges brought against, or to consider a periodic personnel evaluation of, a public officer, staff member, or individual agent, if the named person requests a closed hearing (unless the person requesting a closed hearing rescinds the request, in which case consideration will thereafter be in open sessions).”

MCL 15.268 section 8(b) states: “A public body may meet in a closed session to consider the dismissal, suspension, or disciplining of, or to hear complaints or charges brought against, or to consider a periodic personnel evaluation of, a public officer, employee, staff member, or individual agent, **if the named person requests a closed hearing**. A person requesting a closed hearing may rescind the request at any time, in which case the matter at issue shall be considered after the rescission only in open sessions.” (emphasis added)

MCL 15.268 section 8(c) states: “For strategy and negotiation sessions connected with the negotiation of a collective bargaining agreement when either negotiating party requests a closed hearing.”

MCL 15.268 section 8(d) states: “To consider the purchase or lease of real property up to the time an option to purchase or lease that real property is obtained.”

MCL 15.268 section 8(e) of the Open Meetings Act states: “To consult with its attorney regarding trial or settlement strategy in connection with specific pending litigation, but only if an open meeting would have a detrimental financial effect on the litigating or settlement position of the public body.”

MCL 15.267, section 7(1) states, in part: “The roll call vote and the purpose or purposes for calling the closed session shall be entered into the minutes of the meeting at which the vote is taken.”

Directive: We direct the township to discontinue holding closed sessions unless held in accordance with the State law above. If a meeting is held in accordance with the Open Meetings Act, the purpose of the closed session should be clearly defined in the minutes of the board meeting.

FORSYTH TOWNSHIP--MARQUETTE COUNTY

SCHEDULE OF FINDINGS

NONCOMPLIANCE WITH STATE STATUTES (Continued)

Uniform Chart of Accounts

Finding 2006-11

Condition: The township currently posts refunds and reimbursements, election reimbursements, and the contribution from the EDC to the miscellaneous revenue line-item. Postage, association fees, and form expenditures are being posted to miscellaneous expenditures. A portion of the wages for the secretary, deputy clerk, and deputy treasurer are being posted to the Water and Sewer Funds.

Criteria: The “Uniform Chart of Accounts for Counties and Local Units of Government in Michigan” has been developed under the authority of Act 2, Public Acts of 1968, as amended, (MCL 141.421); and Act 71, Public Acts of 1919, as amended, (MCL 21.41). The primary objective of this classification of accounts is to provide a means for the accumulation of financial information which will be uniform for all local units. Secondly, the accounts are provided to facilitate the preparation of prescribed reports. Thirdly, the chart follows Generally Accepted Accounting Principles and Michigan Law.

The Uniform Chart of Accounts issued by the Michigan Department of Treasury defines miscellaneous revenue as revenue that cannot be classified in any other account and miscellaneous expense as expenses that cannot be classified in any other account.

Activity 101--governing body is designated for salaries and expenses directly related to the operations of the township board. State statutes have designated other statutory requirements for the supervisor, clerk, and treasurer thus requiring a separate activity in the Uniform Chart of Accounts. The Uniform Chart of Accounts has also designated external audit fees as activity 223, attorney fees as activity 266, Sawyer operations as activity 337, road projects as 446, senior center as activity 673, and community promotion as 806. Dues and printing costs should be posted to the activity (clerk, treasurer, board) that the expense is associated with. Engineering fees should be posted in a similar manner. In regards to debt service, the Uniform Chart of Accounts has designated one line-item for principal expense and one line-item for interest expense.

Recommendation: We recommend that the township implement the changes listed above to comply with the Uniform Chart of Accounts and State statute. The secretary and deputy clerk wages should be reported under the clerk and the deputy treasurer should be reported under the treasurer. A time analysis study should be performed taking into account wages, fringes and overhead for these employees to come up with an true hourly cost of these employees. Then an analysis should be performed to determine how much time each employee performs under each service or activity. This time should then be charged to the other funds/activities as an administrative fee on a monthly basis.

FORSYTH TOWNSHIP--MARQUETTE COUNTY

SCHEDULE OF FINDINGS

NONCOMPLIANCE WITH STATE STATUTES (Continued)

Trust and Agency Funds

Finding 2007-6

Condition: The township records the current tax collections as revenues and expenditures in the Current Tax Collection Agency Fund (Fund 703) and revenues and expenditures in the Trust and Agency Fund (Fund 701).

Criteria: The agency funds should only have assets and liabilities accounts that are passed through the township. When taxes are received they should be posted to Cash (001) and credited to the respective taxing entity (such as county, schools, township, etc.).

Recommendation: We recommend that the township record the taxes in the Current Tax Collection Agency Fund with the same break down as what is BS&A breakdown of taxes collected. When the taxes are paid, the cash is credited and the respective taxing agency is debited. Other items placed in the Trust and Agency Fund should be recorded as an asset and liability.

Township Board--Expenditures in Excess of Appropriations

Finding 2006-13

Condition: Our examination of procedures used by the township to adopt and maintain operating budgets for the township's budgetary funds revealed the following instances of noncompliance with provisions of Public Act 2 of 1968, as amended, the Uniform Budget and Accounting Act.

The township's 2006/2007 General Appropriations Act (budget) provided for expenditures of the General Fund and the Special Revenue Funds to be controlled at the activity level by the township. During the fiscal year ended March 31, 2007, expenditures were incurred in excess of amounts appropriated in the amended budgets for the General Fund and the Special Revenue Funds, as follows:

<u>Fund, Function and Activity</u>	<u>Final Amended Budget</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures</u>
General Fund			
General Government			
Zoning Board of Appeals	\$ 2,743	\$ 2,897	\$ (154)
Public Safety			
Fire Department	65,000	65,409	(409)
Library Fund			
Capital Outlay	4,389	5,087	(698)

Criteria: The expenditures of funds in excess of appropriations are contrary to the provisions of Section 17 of Public Act 2 of 1968, as amended.

Directive: We direct that the township develop budgetary control procedures for the General Fund and the Special Revenue Funds which will ensure that expenditures do not exceed amounts authorized in the General Appropriations Act or amendments thereof.

FORSYTH TOWNSHIP--MARQUETTE COUNTY

SCHEDULE OF FINDINGS

OTHER MATTER

Deposits and Investments

Finding 2006-15

Condition: Forsyth Township has deposits in two financial institutions. The bank balance as of March 31, 2007 was \$1,746,856, of which \$200,000 is federally insured, leaving \$1,546,856 uninsured.

Criteria: GASB Statement No. 40 indicates that a "Concentration of Credit Risk" is the risk of loss attributed to the magnitude of an entity's investment in a single issuer where the investment is 5% or greater.

The township's investment policy requires assets to be diversified to eliminate the risk of loss resulting from over concentration in a specific maturity, individual financial institution(s) or a specific class of securities.

Recommendation: We recommend that the township diversify their deposits to a higher degree.